

# ***Town of Many, Louisiana***

***June 30, 2014***

**Town of Many, Louisiana  
June 30, 2014**

**Table of Contents**

	<u><b>Exhibit</b></u>	<u><b>Page</b></u>
<b>Independent Auditor's Report</b> .....		1-3
<b>Required Supplemental Information - Part I</b>		4
Management's Discussion and Analysis .....		5-8
<b>Basic Financial Statements</b> .....		9
Government-Wide Financial Statements (GWFS) .....		10
Statement of Net Position .....	A	11
Statement of Activities .....	B	12
Fund Financial Statements .....		13
Balance Sheet - Governmental Funds .....	C	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	D	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	E	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F	17
Statement of Net Position - Proprietary Funds .....	G	18
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds .....	H	19
Statement of Cash Flows - Proprietary Funds .....	I	20-21
<b>Notes to Basic Financial Statements</b> .....		22-37
	<u><b>Schedule</b></u>	
<b>Required Supplemental Information - Part II</b> .....		38
Budgetary Comparison Schedules		
General Fund .....	1	39
Street Special Revenue Fund .....	2	40
<b>Other Information</b> .....		41
Unaudited Summary of Utility Service Customers .....	3	42
Unaudited List of the Governing Body - Positions and Terms .....	4	43
Unaudited Schedule of Insurance in Force .....	5	44
<b>Other Report Required by Government Auditing Standards</b> .....		45
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		46-48

**Town of Many, Louisiana  
June 30, 2014**

**Table of Contents**

<b>Schedule of Findings and Responses.....</b>	<b>49-50</b>
<b>Management's Corrective Action Plan.....</b>	<b>51-52</b>
<b>Management's Summary Schedule of Prior Audit Findings.....</b>	<b>53-54</b>



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

## Independent Auditor's Report

To the Honorable Kenneth Freeman, Mayor  
and Members of the Board of Aldermen  
Town of Many, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana (the Town) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

ROBERT W. DYORAK, C.P.A.  
REBECCA D. MORRIS, C.P.A.  
MICHAEL A. JUNEAU, C.P.A.  
CINDY L. HUMPHRIES, C.P.A.  
DEBORAH R. DUNN, C.P.A.  
REBECCA G. NATION, C.P.A.  
EVELYN RENFROW, C.P.A.





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PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor  
and Members of the Board of Aldermen  
Town of Many, Louisiana

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Many, Louisiana, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-8 and 39-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other information schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These other information schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor  
and Members of the Board of Aldermen  
Town of Many, Louisiana

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Many's internal control over financial reporting and compliance.

Certified Public Accountants  
Alexandria, Louisiana

December 4, 2014

**Required Supplemental Information – Part I**

## **Management's Discussion and Analysis**



**Town of Many, Louisiana  
June 30, 2014**

**Management's Discussion and Analysis**

This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements, which follow this section.

**Financial Highlights**

- The Town's net position increased 9% during the year to \$14,771,367.
- Program and general revenues amounted to \$5,100,541, an increase of \$567,118.
- Expenses for the year amounted to \$3,876,285, a increase of \$27,839.

**Overview of Financial Statements**

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail than the government-wide statements. The Town has a general fund, a street fund, and a proprietary (utility) fund.

**Financial Analysis of the Town as a Whole**

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Current and other assets	\$ 983,873	\$ 898,330	\$ 915,276	\$ 710,222
Internal balances	2,005,212	2,011,290	(2,005,212)	(2,011,290)
Capital assets, net	<u>2,306,929</u>	<u>2,121,941</u>	<u>12,586,903</u>	<u>12,090,261</u>
<b>Total Assets</b>	<b><u>\$ 5,296,014</u></b>	<b><u>\$ 5,031,561</u></b>	<b><u>\$ 11,496,967</u></b>	<b><u>\$ 10,789,193</u></b>
Current and other liabilities	\$ 132,554	\$ 273,985	\$ 145,500	\$ 57,604
Long-term debt	<u>756,833</u>	<u>857,831</u>	<u>986,727</u>	<u>1,084,223</u>
Total liabilities	<u>889,387</u>	<u>1,131,816</u>	<u>1,132,227</u>	<u>1,141,827</u>
Net Position:				
Net investment in capital assets	2,306,929	2,121,941	11,721,121	11,125,103
Restricted	2,194,857	1,814,750	182,855	144,861
Unrestricted	<u>(95,159)</u>	<u>(36,946)</u>	<u>(1,539,236)</u>	<u>(1,622,598)</u>
Total net position	<u>4,406,627</u>	<u>3,899,745</u>	<u>10,364,740</u>	<u>9,674,366</u>
<b>Total liabilities and net position</b>	<b><u>\$ 5,296,014</u></b>	<b><u>\$ 5,031,561</u></b>	<b><u>\$ 11,496,967</u></b>	<b><u>\$ 10,789,193</u></b>

**Town of Many, Louisiana**  
**June 30, 2014**

**Management's Discussion and Analysis**

Condensed Statement of Activities

	Governmental Activities		Business-type Activities	
	Year ended		Year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Expenses:				
Governmental activities:				
General government	\$ 643,883	\$ 710,203		
Public safety	972,491	1,093,025		
Public works	361,051	305,560		
Sanitation	223,296	216,511		
Culture and recreation	101,663	98,316		
Interest expense	39,367	44,012		
Total governmental activities	<u>2,341,751</u>	<u>2,467,627</u>		
Business-type activities			\$ 1,534,534	\$ 1,380,819
Program revenues:				
Charges for services	770,299	959,519	1,312,871	1,221,216
Grants and contributions	399,554	192,191	938,216	428,338
Total program revenues	<u>1,169,853</u>	<u>1,151,710</u>	<u>2,251,087</u>	<u>1,649,554</u>
General revenues:				
Taxes	1,608,555	1,724,819	-	-
Investment earnings	781	3,210	821	2,658
Insurance proceeds	48,444	-	-	-
Gain (loss) on disposition of capital assets	21,000	1,472	-	-
Total general revenues	<u>1,678,780</u>	<u>1,729,501</u>	<u>821</u>	<u>2,658</u>
Change in net position	<u>\$ 506,882</u>	<u>\$ 413,584</u>	<u>\$ 717,374</u>	<u>\$ 271,393</u>

The Town's net position increased 9% to \$14,771,367 during the year, primarily due to an increase in grants and contributions.

Overall government revenues increased by \$567,118 to \$5,100,541 in 2014, primarily due to an increase in grants and contributions. Expenses increased slightly by \$27,839 to \$3,876,285.

**Financial Analysis of the Funds**

Fund balances for the Town's governmental funds, comprised of general fund and street fund, increased \$219,242 during the year. Revenues increased \$32,578 (1%) during the year to \$2,848,633. Expenses increased \$114,150 to \$2,631,057.

General government and public safety (police) expenditures continue to represent the largest portion of the general fund budget, amounting to \$554,499 and \$957,207, respectively, in 2014, or approximately 65% of all general fund expenditures.

The Town's utility fund net position increased by \$717,374 during the year, primarily due to capital grants of \$938,216, which was partially offset by an operating loss of \$210,842. Operating revenues increased by 8% to \$1,312,871 due primarily to an increase in water rates. Operating expenses amounted to \$1,523,644 in 2014, an increase of 11% (\$156,084) from 2013.

**Town of Many, Louisiana  
June 30, 2014**

**Management's Discussion and Analysis**

**General Fund Budget Highlights**

The original budget of the General Fund is adopted at the beginning of the year and reflects the Town's plan for the year. The budget was amended to reflect changes to the Town's plan that occurred during the year. The major budget changes were the result of (1) delays in the start of the Depot rehabilitation grant, (2) greater airport grant revenues and related expenses than anticipated, (3) lower revenues from fees and fines than anticipated, (4) higher costs for employee health benefits, and (5) greater operating costs for personnel and equipment relating to public safety.

**Capital Assets**

During 2014, the Town invested approximately \$987,078 in water system improvements. In addition, investments were made in other additions of \$400,572, primarily relating to acquisition of additional land for the airport runway expansion (\$117,604) and completion of the Town hall expansion (\$110,992). The remainder of capital asset additions related to police vehicles and other equipment.

**Debt**

No additional debt was incurred in 2014, and debt payments of \$100,000 relating to certificates of indebtedness and \$45,000 on Utility Fund bonds were made during 2014.

**Economic Factors and Next Year's Budgets and Rates**

The Town is dependent on charges for services and ad valorem and sales taxes, for approximately 81%, of the total revenues. The level of sales tax collections are still somewhat unpredictable due to the continued uncertainty of the economic conditions in the United States and the slowdown in the economy of Sabine Parish due to the sharp drop off in drilling activity in the Haynesville Shale formation.

The Town received a Louisiana capital outlay grant of \$3,070,000 to assist in the completion of the water line replacement program which began several years ago, to add generators to water and sewer operations, which are required by Louisiana, and to address the water production problems associated with the extremely low level of Toledo Bend Lake encountered in the fall of 2006. In 2013, the remaining waterline replacement project was completed, and a project to improve the performance of existing water wells was completed in 2014. Completion of these projects is expected to result in future decreases in repair costs and water losses from leaks, more stable water production and improved operations in emergency situations.

Grants in the amount of approximately \$900,000 were received during the last several years for resealing runways and lighting for the Town's airport. The Town received a \$116,425 grant in 2014 to purchase land for a runway extension of 600 feet. This purchase was completed in 2014, and another grant for \$1,587,714 was awarded to rehabilitate the runway, which should be completed in 2015.

Water and sewer rates were increased approximately 22% in July 2014 to improve the financial position of the utility fund and to overcome continuing operating losses.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Kenneth Freeman, Mayor, P O Box 1330, Many, LA 71449.

## **Basic Financial Statements**

**Government-Wide  
Financial Statements (GWFS)**

**Town of Many, Louisiana**  
**Statement of Net Position**  
**June 30, 2014**

**Exhibit A**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 621,443	\$ 422,377	\$ 1,043,820
Receivables, net	311,733	310,044	621,777
Internal balances	2,005,212	(2,005,212)	-
Other assets	50,697	-	50,697
Restricted cash and cash equivalents	-	182,855	182,855
Capital assets			
Nondepreciable			
Land	233,970	38,999	272,969
Construction in progress	143,699	-	143,699
Depreciable			
Other capital assets, net of depreciation	1,929,260	12,547,904	14,477,164
Total Assets	<u>5,296,014</u>	<u>11,496,967</u>	<u>16,792,981</u>
<b>Liabilities</b>			
Accounts and contracts payable	103,406	140,625	244,031
Accrued expenses	29,148	4,875	34,023
Long-term liabilities			
Due within one year			
Bonds and notes payable	105,000	45,000	150,000
Due in more than one year			
Bonds and notes payable	610,000	820,782	1,430,782
Meter deposits payable	-	88,681	88,681
Compensated absences	41,833	32,264	74,097
Total Liabilities	<u>889,387</u>	<u>1,132,227</u>	<u>2,021,614</u>
<b>Net Position</b>			
Net investment in capital assets	2,306,929	11,721,121	14,028,050
Restricted for			
Streets and sidewalks	2,194,857	-	2,194,857
Debt service	-	182,855	182,855
Unrestricted	(95,159)	(1,539,236)	(1,634,395)
Total Net Position	<u>\$ 4,406,627</u>	<u>\$ 10,364,740</u>	<u>\$ 14,771,367</u>

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

**Exhibit B**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental activities							
General government	\$ 643,883	\$ 297,129	\$ 18,134	\$ 58,500	\$ (270,120)	\$	\$ (270,120)
Public safety	972,491	195,829	64,145	-	(712,517)		(712,517)
Public works	361,051	7,600	-	258,775	(94,676)		(94,676)
Sanitation	223,296	269,741	-	-	46,445		46,445
Culture and recreation	101,663	-	-	-	(101,663)		(101,663)
Interest expense	39,367	-	-	-	(39,367)		(39,367)
Total Governmental Activities	<u>2,341,751</u>	<u>770,299</u>	<u>82,279</u>	<u>317,275</u>	<u>(1,171,898)</u>		<u>(1,171,898)</u>
Business-type activities							
Utility system	<u>1,534,534</u>	<u>1,312,871</u>	<u>-</u>	<u>938,216</u>		<u>716,553</u>	<u>716,553</u>
Total Business-Type Activities	<u>1,534,534</u>	<u>1,312,871</u>	<u>-</u>	<u>938,216</u>		<u>716,553</u>	<u>716,553</u>
Total Primary Government	<u>\$ 3,876,285</u>	<u>\$ 2,083,170</u>	<u>\$ 82,279</u>	<u>\$ 1,255,491</u>	<u>(1,171,898)</u>	<u>716,553</u>	<u>(455,345)</u>
<b>General Revenues</b>							
Taxes							
Property taxes levied for general purposes					130,333	-	130,333
Sales tax authorized for specific purposes					1,264,810	-	1,264,810
Franchise and miscellaneous taxes					213,412	-	213,412
Investment earnings					781	821	1,602
Proceeds from insurance					48,444	-	48,444
Gain (loss) on disposition of capital assets					<u>21,000</u>	<u>-</u>	<u>21,000</u>
Total General Revenues					<u>1,678,780</u>	<u>821</u>	<u>1,679,601</u>
<b>Change in Net Position</b>					506,882	717,374	1,224,256
<b>Net Position, Beginning of Year</b>					<u>3,899,745</u>	<u>9,647,366</u>	<u>13,547,111</u>
<b>Net Position, End of Year</b>					<u>\$ 4,406,627</u>	<u>\$ 10,364,740</u>	<u>\$ 14,771,367</u>

The accompanying notes are an integral part of the financial statements.

## **Fund Financial Statements**



**Town of Many, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2014**

**Exhibit C**

	<b>General Fund</b>	<b>Street Special Revenue Fund</b>	<b>Total Governmental</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 380,429	\$ 241,014	\$ 621,443
Receivables	256,928	54,805	311,733
Due from other funds	1,831,485	1,910,069	3,741,554
Other assets	50,697	-	50,697
<b>Total Assets</b>	<b>\$ 2,519,539</b>	<b>\$ 2,205,888</b>	<b>\$ 4,725,427</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 92,375	\$ 11,031	\$ 103,406
Due to other funds	1,736,341	-	1,736,341
Accrued expenses	17,297	-	17,297
<b>Total Liabilities</b>	<b>1,846,013</b>	<b>11,031</b>	<b>1,857,044</b>
<b>Fund balances</b>			
Spendable:			
Restricted	-	2,194,857	2,194,857
Unassigned	673,526	-	673,526
<b>Total Fund Balances</b>	<b>673,526</b>	<b>2,194,857</b>	<b>2,868,383</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,519,539</b>	<b>\$ 2,205,888</b>	<b>\$ 4,725,427</b>

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana  
Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2014**

**Exhibit D**

**Total Fund Balance, Governmental Funds**

\$ 2,868,383

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position.

2,306,929

Some liabilities are not due and payable in the current period and are not included in the fund financial statement but are included in the governmental activities of the Statement of Net Position.

Notes payable

(715,000)

Compensated absences

(41,833)

Interest on long-term debt is accrued in the Statement of Net Position, but not in the governmental funds.

(11,852)

**Net Position of Governmental Activities in the Statement of Net Position**

\$ 4,406,627

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2014**

**Exhibit E**

	<u>General Fund</u>	<u>Street Special Revenue Fund</u>	<u>Total Governmental</u>
<b>Revenues</b>			
Taxes			
Ad valorem taxes	\$ 130,333	\$ -	\$ 130,333
Franchise taxes	201,864	-	201,864
Sales taxes	632,405	632,405	1,264,810
Intergovernmental	400,669	25,100	425,769
Fines	163,611	-	163,611
Licenses and permits	232,615	-	232,615
Charges for services	322,586	-	322,586
Investment earnings	506	275	781
Miscellaneous	29,580	417	29,997
Total Revenues	<u>2,114,169</u>	<u>658,197</u>	<u>2,772,366</u>
<b>Expenditures</b>			
Current			
General government	554,499	-	554,499
Public safety	957,207	-	957,207
Public works	-	270,853	270,853
Sanitation	223,296	-	223,296
Culture and recreation	83,607	-	83,607
Capital outlay	376,440	24,132	400,572
Debt service			
Principal	100,000	-	100,000
Interest and other charges	41,023	-	41,023
Total Expenditures	<u>2,336,072</u>	<u>294,985</u>	<u>2,631,057</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(221,903)	363,212	141,309
<b>Other Financing Sources (Uses)</b>			
Proceeds from insurance	33,213	16,895	50,108
Proceeds from sale of capital assets	21,000	-	21,000
Capital contributions	6,825	-	6,825
Total Other Financing Sources (Uses)	<u>61,038</u>	<u>16,895</u>	<u>77,933</u>
<b>Net Change in Fund Balances</b>	(160,865)	380,107	219,242
<b>Fund Balances, Beginning of Year</b>	<u>834,391</u>	<u>1,814,750</u>	<u>2,649,141</u>
<b>Fund Balances, End of Year</b>	<u>\$ 673,526</u>	<u>\$ 2,194,857</u>	<u>\$ 2,868,383</u>

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2014**

**Exhibit F**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	219,242
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays included in governmental funds		400,572
Depreciation included in the Statement of Activities		(213,920)

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

100,000

Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds. These timing differences are summarized below:

Compensated absences		998
Interest expense		1,655
Other		(1,665)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>506,882</b>
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The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana  
Statement of Net Position  
Proprietary Fund  
June 30, 2014**

**Exhibit G**

**Utility System  
Enterprise Fund**

<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents		\$ 422,377
Investments		
Receivables (net of allowances for uncollectibles)		190,195
Due from other governments		119,849
Total Current Assets		<u>732,421</u>
<b>Non-Current Assets</b>		
Restricted cash and cash equivalents		182,855
Capital assets		
Nondepreciable		
Land and improvements		38,999
Depreciable		
Property, plant and equipment		17,896,961
Less accumulated depreciation		(5,349,057)
Total Non-Current Assets		<u>12,769,758</u>
Total Assets		<u>13,502,179</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable		16,150
Accounts payable - construction		124,475
Accrued expenses		4,875
Bonds, notes and loans payable		45,000
Total Current Liabilities		<u>190,500</u>
<b>Noncurrent Liabilities</b>		
Compensated absences		32,264
Meter deposits payable		88,681
Due to other funds		2,005,212
Bonds, notes and loans payable		820,782
Total Noncurrent Liabilities		<u>2,946,939</u>
Total Liabilities		<u>3,137,439</u>
<b>Net Position</b>		
Net investment in capital assets		11,721,121
Restricted for debt service		182,855
Unrestricted		(1,539,236)
Total Net Position		<u>\$ 10,364,740</u>

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

**Exhibit H**

	<u><b>Utility System Enterprise Fund</b></u>
<b>Operating Revenues</b>	
Charges for services	\$ 1,312,871
Total Operating Revenues	<u>1,312,871</u>
<b>Operating Expenses</b>	
Salaries	405,120
Insurance	50,634
Supplies	168,808
Legal and accounting	27,875
Repairs and maintenance	93,899
Truck expense	8,655
Telephone	39,737
Office supplies and postage	3,261
Retirement	30,052
Payroll taxes	31,716
Utilities	119,971
Miscellaneous	41,353
Testing fees	18,342
Sewer plant supplies	34,532
Water purchased	40,892
Depreciation	407,592
Travel and seminars	1,205
Total Operating Expenses	<u>1,523,644</u>
<b>Operating Income (Loss)</b>	<u>(210,773)</u>
<b>Nonoperating Revenue (Expenses)</b>	
Investment earnings	822
Interest expense	(10,891)
Total Nonoperating Revenue (Expenses)	<u>(10,069)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	(220,842)
Capital contributions	<u>938,216</u>
<b>Change in Net Position</b>	717,374
<b>Total Net Position - Beginning of Year</b>	<u>9,647,366</u>
<b>Total Net Position - End of Year</b>	<u><u>\$ 10,364,740</u></u>

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2014**

**Exhibit I  
(Continued)**

**Utility System  
Enterprise Fund**

**Cash Flows from Operating Activities**

Receipts from customers	\$ 1,349,378
Payments to employees	(404,840)
Payments to vendors and others	(721,986)
Net Cash Provided (Used) by Operating Activities	<u>222,552</u>

**Cash Flows from Noncapital Financing Activities**

Change in due to other funds	(6,078)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(6,078)</u>

**Cash Flows from Capital and Related Financing Activities**

Capital grants	850,355
Acquisition or construction of capital assets	(802,559)
Principal paid on capital debt	(99,376)
Interest paid on capital debt	(12,016)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(63,596)</u>

**Cash Flows from Investing Activities**

Interest received	822
Net Cash Provided (Used) by Investing Activities	<u>822</u>

**Net Increase (Decrease) in Cash and Cash Equivalents**

153,700

**Cash and Cash Equivalents, Beginning of Year**

451,532

**Cash and Cash Equivalents, End of Year**

\$ 605,232

**Classified as**

Current	\$ 422,377
Restricted	<u>182,855</u>

**Total**

\$ 605,232

The accompanying notes are an integral part of the financial statements.

**Town of Many, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2014**

**Exhibit I  
(Concluded)**

**Utility System  
Enterprise Fund**

**Reconciliation of Operating Income (Loss) to**

**Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ (210,773)
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities	
Depreciation	407,592
Changes in assets and liabilities	
Receivables	36,507
Accounts payable	(12,654)
Compensated absences	280
Customer guaranteed deposits	1,600

**Net Cash Provided (Used) by Operating Activities**

**\$ 222,552**

**Additional required disclosures:**

There were no material noncash operating, noncapital financing, capital and related financing or investing activities for the year ended June 30, 2014.

The accompanying notes are an integral part of the financial statements.



**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**1. Organization and Significant Accounting Policies**

The Town of Many (Town), Louisiana was incorporated November 1, 1878, under the provisions of a special home rule charter. The Town began operating under the provisions of the Lawrason Act in January 1996 as a result of an election that was held in the Fall of 1995. The Town of Many operates under a Mayor - Board of Aldermen form of government.

The accounting and reporting policies of the Town of Many conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units. The accounting and reporting policies of the Town conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the Louisiana Governmental Audit Guide.

The accounting and reporting framework and the more significant accounting policies used by the Town are described below.

**A. The Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of the primary government (the Town), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete.

In accordance with GAAP, the basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has established criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to the Town or to impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, the Town has no component units.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**B. Basis of Presentation and Accounting**

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories and three generic fund types for financial statement presentation purposes. Governmental funds include the general fund and special revenue funds. The proprietary fund consists of an enterprise fund.

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements (GWFS), "*Statement of Net Position*" and "*Statement of Activities*", report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Net position is reported as restricted when constraints placed on net positions are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The government-wide statement of activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

**Town of Many, Louisiana  
June 30, 2014**

**Notes to Basic Financial Statements**

**Fund Financial Statements**

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. All funds of the Town are major funds. Separate financial statements are provided for governmental funds and proprietary funds.

Nonspendable fund balances include amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. The Town has no nonspendable fund balances. Restricted fund balances represent those portions of fund balance that are restricted to specific purposes by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is the Town's Board of Aldermen. Formal action of the Town to establish or rescind committed funds is by adopting a resolution in a public meeting. Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balances. In cases where restricted and unrestricted monies are received by the Town for the same function or purpose, the restricted monies are used first. Unrestricted monies are then spent in the following order: committed, assigned, and unassigned.

**Governmental Funds**

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

*General Fund*

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds*

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Town has one major special revenue fund:

Street Special Revenue Fund accounts for the share of the Town's sales tax dedicated to streets and sidewalks.

A separate fund is used by the Town to account for proceeds of the Town's 1% sales tax. One half of the sales tax is dedicated to General Fund operations and the remaining one half is dedicated to streets and sidewalks. The activity in the sales tax fund is reported in the General Fund and the Street Special Revenue Fund in the accompanying fund financial statements in accordance with accounting principles generally accepted in the United States of America.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

Revenue Recognition – In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current period or within 60 days after year end and available to pay obligations of the current period). These revenue resources include ad valorem taxes, franchise taxes, sales taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are generally not susceptible to accrual because they are not measurable until received in cash. Reimbursements due for federal and state funded projects are accrued as revenue at the time the expenditures are made. When received in advance, the advance is not recognized as revenue until the related expenditure is incurred.

Ad valorem taxes are recognized as revenue in the year in which final approval is received from the Louisiana Tax Commission, at which time a valid claim exists, to the extent considered available. Ad valorem taxes are considered 'measurable' at the time of levy. Substantially all other non-governmental revenues are susceptible to accrual and are recognized when earned or the underlying transaction occurs.

Expenditure Recognition – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

**Proprietary Funds**

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus is concerned with determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned, and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Town has one proprietary fund, which is classified as an enterprise fund.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major enterprise fund of the Town is the *Utility System Enterprise Fund*, which accounts for water and sewer services provided to residents of the Town and general surrounding areas.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Budgets and Budgetary Accounting**

Operating budgets of proposed expenditures and the means of financing them were adopted for the General Fund and the Special Revenue Fund.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and the Board no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. All expenditures in excess of budgeted amounts are approved by the Board.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

**D. Cash, Cash Equivalents, and Investments**

Cash includes amounts on hand, in demand deposits, and in time deposits. For the purpose of the statement of cash flows, the Town considers all highly liquid investments with maturity of three months or less when acquired to be cash equivalents.

Under state law, the Town may deposit funds in demand deposits (interest bearing or non-interest bearing), money market accounts, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. The Town may invest in United States bonds, treasury notes, investments as stipulated in state law, or any other federally insured investments.

Investments, if any, consist of certificates of deposit with maturities greater than three months. At year end, the Town did not have any investments.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**E. Receivables**

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No ad valorem taxes were considered uncollectible at June 30, 2014.

**F. Internal Balances (Due from/to Other Funds)**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net position and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**G. Inventories**

Inventories are accounted for in the General Fund and Enterprise Fund as expenditures or expenses when purchased. Amounts on hand, if any, are immaterial.

**H. Restricted Assets**

Certain Enterprise Fund assets are classified as restricted assets because their use is restricted to certain activities by bond covenants. "Revenue Bond and Interest Sinking Fund account" is used to report resources accumulated for current maturities of revenue bond principal and interest. "Revenue Bond Reserve Fund account" is used to report resources set aside for potential future deficiencies in the Revenue Bond Sinking Fund account. The "Depreciation and Contingencies Fund account" is used to report resources set aside to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the utility system. The Depreciation and Contingencies Fund may also be used for debt service if money is not otherwise available.

**I. Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the Government-Wide Financial Statements, capital assets, including general capital assets are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets, drainage systems, and lighting systems are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is as follows:

**Town of Many, Louisiana  
June 30, 2014**

**Notes to Basic Financial Statements**

	<u>All costs</u>
Land	
Infrastructure	\$ 10,000
Equipment	2,500
Vehicles	7,500
All other	5,000

The Town qualifies as a Phase Three government exempting them from reporting infrastructure on a retroactive basis. Due to this qualification, the Town has elected to report infrastructure on a prospective basis. Acquisitions made on or after July 1, 2003 and meeting the above capitalization thresholds have been capitalized and depreciated in the Government-Wide Financial Statements. Capital assets are not capitalized in the governmental fund financial statements.

Capital assets in the proprietary fund are capitalized in the fund. The valuation basis for proprietary fund capital assets is the same as those used for general capital assets.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the current period.

In the Government-Wide Financial Statements and proprietary fund financial statements, capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Water system	10 – 60
Sewer system	5 – 60
Buildings and improvements	10 – 40
Infrastructure	10 – 30
Fixtures and equipment	5 – 60
Trucks and machinery	3 – 5

**J. Accounts Receivable and Bad Debts**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

**K. Interfund Transactions**

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**L. Short-Term Liabilities**

Short-term debt with maturity of one year or less is reported as a liability in the governmental funds balance sheet.

**Town of Many, Louisiana  
June 30, 2014**

**Notes to Basic Financial Statements**

**M. Long-Term Liabilities**

Long-term liabilities expected to be financed from governmental funds are not reported in the Balance Sheet for the Fund Financial Statements; however, such long-term obligations are reported in the Statement of Net Position in the Government-Wide Financial Statements. Interest expense on long-term debt is recognized in the Government-Wide Financial Statements as the interest accrues, regardless of when it is due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

**N. Supplemental Wages**

Certain employees of the police department are eligible for and receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General Fund.

**O. Compensated Absences**

Vested or accumulated leave is accrued in the period the liability is incurred. Compensated absences expected to be financed from governmental funds are not reported in the Balance Sheet of the Fund Financial Statements; however, compensated absences are reported in the statement of Net Position in the Government-Wide Financial Statements. Vested or accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

**P. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Q. Impact of Recently Issued Pronouncements**

In June 2012, the GASB approved a pair of related statements that change the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans*, addresses financial reporting for state and local government pension plans. Statement No. 67 is effective for financial statements for fiscal years beginning after June 15, 2013. Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. This statement is effective for fiscal years beginning after June 15, 2014. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions in important ways. It is designed to improve the usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments.



**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

State and local government employees often earn two types of compensation in return for their efforts—current compensation and deferred compensation. The deferred compensation, including pension benefits, is not received until after the employee's tenure with the government has concluded and vesting and age requirements have been met. A government has an obligation to pay these deferred benefits in the future—a *total pension liability*—once they have been earned. When the total pension liability exceeds the pension plan's net assets (now referred to as plan net position) available for paying benefits, there is a *net pension liability*. Governments will be required to report that amount as a liability in their accrual-based financial statements (for example, the government-wide statement of net position). This is an important change that will more clearly depict the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability on the face of the financial statements will more clearly portray the government's financial status because the pension liability will be placed on an equal footing with other long-term obligations.

Management is currently evaluating the impact of the adoption of GASB 67 and 68 on the Town's financial statements.

**2. Ad Valorem Taxes**

Levied ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are payable upon receipt of notice. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Sabine Parish.

For the current year, property taxes were levied for 5.65 mills on property with assessed valuations totaling \$20,496,000 and were dedicated for general alimony purposes. Total taxes levied were \$115,802.

**3. Dedication of Proceeds and Flow of Funds - Sales Tax**

Proceeds of the Town's 1% sales and use tax are dedicated to the following purposes:

- (a) One-half is transferred to the Street Fund for maintenance and construction of streets and sidewalks.
- (b) One-half is transferred to the General Fund for general operating expenditures or any other use as designated by the Board.

**4. Flow of Funds; Restrictions on Use – Utilities Revenues**

Under the terms of the bond indenture on outstanding Utility Revenue Bonds, all income and revenues of every nature, earned or derived from operations of the Utility Fund are pledged and dedicated to the retirement of the utility revenue bonds dated December 30, 1977 (the Bonds) and are to be used for the following expressed purposes:

- (a) The payment of all reasonable and necessary expenses of administering, operating, repairing, maintaining and insuring the system.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

- (b) The maintenance of the "Revenue Bond and Interest Fund" (the Sinking Fund), sufficient in amount to pay promptly the principal and interest on the outstanding revenue bonds by transferring to the Sinking Fund monthly in advance on or before the 20<sup>th</sup> of each month a sum equal to 1/12<sup>th</sup> of the total amount of principal and interest falling due in the ensuing year.
- (c) The maintenance of the "Revenue Bond Reserve Fund" (the Reserve Fund), by transferring to the Reserve Fund in advance on or before the 20<sup>th</sup> day of each month a sum at least equal to 5% of the amount required to be paid into the Sinking Fund for such month until such time as there has been accumulated therein a sum equal to the maximum scheduled principal and interest requirements in any succeeding fiscal year on the bonds.
- (d) The maintenance of the "Depreciation and Contingency Fund" (the Contingency Fund) to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system by transferring to the Contingency Fund monthly on or before the 20<sup>th</sup> of each month a sum of \$520 per month. Money in the Depreciation and Contingencies Fund shall also be used to pay the principal of and the interest on any bonds herein authorized for the payment of which there is not sufficient money in the Reserve Fund, but if so used such money shall be replaced by the Town as soon as possible thereafter out of the earning of the System after making the required payments into the respective funds listed above.

**5. Cash and Cash Equivalents, and Investments**

*Cash and Cash Equivalents*

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Cash and cash equivalents consist of both non-interest bearing and interest bearing bank accounts with area financial institutions. Interest bearing and non-interest bearing accounts were insured by the FDIC up to \$250,000 per institution. Banks are required by R.S. 49:321 to pledge security for deposits in excess of FDIC coverage. Louisiana revised statutes requires the custodial bank to advertise and sell the pledged securities within ten days of being notified by the town that the pledging bank has failed to pay deposited funds upon demand. At year end, the Town's deposits were covered by depository insurance or collateral held by the Town or its agent in the Town's name. The Town was not exposed to custodial credit risk at year end.

*Investments*

The Town may invest in United States bonds, treasury notes, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment. At year-end, the Town had no investments.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**6. Receivables**

Receivables, as shown in the fund financial statements, consist of the following:

	Governmental Funds	Proprietary Funds	Total
Taxes			
Sales taxes	\$ 109,610	\$ -	\$ 109,610
Franchise taxes	45,127	-	45,127
Ad valorem taxes	11,484	-	11,484
Intergovernmental	113,628	119,849	233,477
Customers	-	271,098	271,098
Other	31,884	97	31,981
Gross receivables	311,733	391,044	702,777
Allowance for estimated uncollectible	-	(81,000)	(81,000)
	\$ 311,733	\$ 310,044	\$ 621,777

**7. Internal Balances (Due from/to Other Funds)**

Amounts due from and to other funds, as reported in the fund financial statements, consist of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Utility System Enterprise Fund	\$ 1,831,485
Street Special Revenue Fund	General Fund	1,736,342
Street Special Revenue Fund	Utility System Enterprise Fund	173,727
		\$ 3,741,554

The balances reflected in interfunds represent either routine charges for goods and services or permanent (non-loan) transfers from one fund to another. These balances are settled periodically. The amounts here represent activity since the last settlement.

**8. Restricted Cash and Cash Equivalents**

At year-end, cash and cash equivalents were restricted in the Utility System Enterprise Fund for the following purposes in accordance with the utility revenue bond indentures:

Revenue bond sinking fund – current debt service	\$ 85,684
Revenue bond reserve fund – future debt service	56,602
Revenue bond depreciation and contingency fund – renewals and replacements	40,569
	\$ 182,855

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**9. Capital Assets and Depreciation**

	<u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$ 116,366	\$ 117,604	\$ -	\$ 233,970
Construction in progress	147,210	322,306	(325,817)	143,699
Other capital assets				
Buildings and improvements	1,891,435	208,213	-	2,099,648
Infrastructure	1,079,394	-	-	1,079,394
Machinery and equipment	1,059,393	34,510	-	1,093,903
Automobiles and trucks	<u>405,230</u>	<u>43,756</u>	<u>(105,812)</u>	<u>343,174</u>
Total other capital assets	4,435,452	286,479	(105,812)	4,616,119
Accumulated depreciation				
Buildings and improvements	(864,819)	(83,181)	-	(948,000)
Infrastructure	(456,848)	(79,878)	-	(536,726)
Machinery and equipment	(886,133)	(29,204)	-	(915,337)
Automobiles and trucks	<u>(369,287)</u>	<u>(21,657)</u>	<u>104,148</u>	<u>(286,796)</u>
Total accumulated depreciation	<u>(2,577,087)</u>	<u>(213,920)</u>	<u>104,148</u>	<u>(2,686,859)</u>
Other capital assets, net	<u>1,858,365</u>	<u>72,559</u>	<u>(1,664)</u>	<u>1,929,260</u>
Net Capital Assets	<u>\$ 2,121,941</u>	<u>\$ 512,469</u>	<u>\$ (327,481)</u>	<u>\$ 2,306,929</u>

Depreciation was charged to Governmental Activities as follows:

General government	\$ 83,171
Public safety	23,108
Public works	89,585
Culture and recreation	<u>18,056</u>
	\$ 213,920

**Business-type Activities:**

Capital assets not being depreciated				
Land	\$ 38,999	\$ -	\$ -	\$ 38,999
Construction in progress	82,845	900,479	(983,324)	-
Other capital assets				
Water system	12,283,281	983,324	-	13,266,605
Sewer system	4,390,570	-	-	4,390,570
Furniture and fixtures	32,441	3,754	-	36,195
Trucks and equipment	<u>203,591</u>	<u>-</u>	<u>-</u>	<u>203,591</u>
Total other capital assets	16,909,883	987,078	-	17,896,961
Accumulated depreciation				
Water system	(2,814,723)	(280,645)	-	(3,095,368)
Sewer system	(1,945,169)	(118,151)	-	(2,063,320)
Furniture and fixtures	(23,864)	(809)	-	(24,673)
Trucks and equipment	<u>(157,710)</u>	<u>(7,986)</u>	<u>-</u>	<u>(165,696)</u>
Total accumulated depreciation	<u>(4,941,466)</u>	<u>(407,591)</u>	<u>-</u>	<u>(5,349,057)</u>
Other capital assets, net	<u>11,968,417</u>	<u>579,487</u>	<u>-</u>	<u>12,547,904</u>
Net Capital Assets	<u>\$ 12,090,261</u>	<u>\$ 1,479,966</u>	<u>\$ (983,324)</u>	<u>\$ 12,586,903</u>

Depreciation in the amount of \$407,592 was charged to Utility System expenses.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**10. Long-Term Liabilities**

Governmental activities long-term liabilities are direct obligations and pledge the full faith and credit of the Town. The Town incurred these liabilities to provide funds for operations. In addition, the Town's obligation relative to the governmental funds' liability for compensated absences is reported as a governmental activities long-term liability.

The Town issued utility revenue bonds whereby the Town pledges income derived from the acquired or constructed assets to pay debt service. This long-term debt is reported in the business-type activities.

A summary of long-term debt as of year-end follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Governmental activities</b>				
General obligation				
Certificate of indebtedness, Series 2011 - operations	2014 – 2020	5%	\$ 715,000	\$ -
Compensated absences			41,833	-
<b>Business-type activities</b>				
Customer deposits			-	88,681
Compensated absences			-	32,264
DOTD note payable - construction	Open ended	N/A	-	670,782
Series 1977 – construction	2014 – 2018	5%	-	195,000
			<u>\$ 756,833</u>	<u>\$ 986,727</u>

For the year ended June 30, 2014, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Compensated absences	\$ 42,831	\$ -	\$ (998)	\$ 41,833	\$ -
Certificates of indebtedness	815,000	-	(100,000)	715,000	105,000
<b>Business-type activities</b>					
Customer deposits	87,081	1,600	-	88,681	-
Compensated absences	31,984	280	-	32,264	-
LDOTD notes payable	725,158	-	(54,376)	670,782	-
1977 Utility revenue bonds	240,000	-	(45,000)	195,000	45,000
	<u>\$1,942,054</u>	<u>\$ 1,880</u>	<u>\$ (200,374)</u>	<u>\$ 1,743,560</u>	<u>\$ 150,000</u>

The annual requirements to amortize outstanding governmental activities long-term debt excluding compensated absences are as follows:

**Town of Many, Louisiana  
June 30, 2014**

**Notes to Basic Financial Statements**

<u>Year ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2015	\$ 105,000	\$ 35,750	\$ 140,750
2016	110,000	30,500	140,500
2017	116,000	25,000	141,000
2018	122,000	19,200	141,200
2019	128,000	13,100	141,100
2020	134,000	6,700	140,700
	<u>\$ 715,000</u>	<u>\$ 130,250</u>	<u>\$ 845,250</u>

The annual requirements to amortize outstanding business-type activities long-term debt excluding compensated absences, customer deposits, and the LDOTD note payable, are as follows:

<u>Year ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2015	\$ 45,000	\$ 9,750	\$ 54,750
2016	45,000	7,500	52,500
2017	50,000	5,250	55,250
2018	55,000	2,750	57,750
	<u>\$ 195,000</u>	<u>\$ 25,250</u>	<u>\$ 220,250</u>

LDOTD Notes Payable

The Town entered into agreements with the Louisiana Department of Transportation and Development (LDOTD) for utility relocation assistance funding. Issuance of future permits to the Town by the LDOTD for location of additional longitudinal facilities within any state owned right of way is contingent upon repayment of this funding. As of year-end, LDOTD had invoiced the Town for these projects but a payment scheduled has not been established.

**12. Compensation Paid to Mayor and Board of Aldermen**

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and members of the Board of Aldermen of the Town of Many, Louisiana, for the fiscal year ending June 30, 2014.

Mayor Kenneth Freeman	\$ 24,000
Board of Aldermen	
Barbara Peterson	6,300
Veda Gay Corley	6,000
Anita W Darwin	6,000
Bobby Guay Jackson	6,000
James D. Kennedy	6,000

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**13. Supplemental Pay**

Certain employees meeting statutory qualifications in the police department receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$64,145 is recognized as intergovernmental revenue in the General Fund and as public safety expenditures.

**14. Risk Management**

The Town is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Town carries commercial insurance to cover various risks of loss. The Town covers all other losses, claim settlements, and judgments from General Fund and Enterprise Fund resources. The Town currently reports its risk management activities in its General Fund and Enterprise Funds. Claims expenditures and liabilities are reported when it is probable that a loss not covered by insurance has occurred and the amount of that loss can be reasonably estimated.

**15. Defined Benefit Pension Plans**

The Town contributes to two statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems. Information relative to these systems is presented below:

**Municipal Police Employees' Retirement System of Louisiana (MPERS)**

*Plan Description.* Membership is mandatory for all full-time police officers employed by the Town, provided they meet statutory criteria. Any member is eligible for normal retirement benefits after participant has been a member of the System for one (1) year, if participant has twenty-five (25) years of creditable service at any age, or if participant has twenty (20) years of creditable service and is age fifty (50), or has twelve (12) years of creditable service and is age fifty-five (55). Benefit rates are three and one-third percent (3⅓%) of final compensation per number of years of creditable service not to exceed one hundred percent (100%). Benefit and contribution requirements are established by state law. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Police Employees' Retirement System, P. O. Box 94095, Baton Rouge, LA 70804-9095.

*Funding Policy and Annual Pension Costs.* Members are currently required to contribute ten percent (10.00%) of their annual salary to the system, including supplemental pay. The Town contributes an actuarially determined rate, presently set at thirty-one percent (31.00%) of the member's salary, including supplemental pay. The Town's contributions to MPERS, for the fiscal years ended June 30, 2014, 2013, and 2012, were \$92,298, \$120,932 and \$88,152 respectively, which equal the required contributions for each year.

**Town of Many, Louisiana**  
**June 30, 2014**

**Notes to Basic Financial Statements**

**Municipal Employees Retirement System of Louisiana (MERS)**

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Certain employees of the Town are members of Plan B. All permanent employees working at least 35 hours per week, who are not covered by another pension plan, and who are paid wholly or in part from municipal funds are eligible to participate in the System. Any member of Plan B can retire providing the member meets one of the following criteria: (1) Any age with thirty years of creditable service; (2) Age 60 with a minimum of ten years of creditable service; (3) Under age 60 with ten years of creditable service eligible for disability benefits; or (4) Survivor's benefits require five years creditable service at death of member. Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent (2%) of the member's monthly average final compensation multiplied by his years of creditable service. Benefit and contribution requirements are established by state law. MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 3937 Office Park Boulevard, Baton Rouge, LA 70809.

Funding Policy and Annual Pension Costs. Under Plan B, members are currently required to contribute five percent (5%) of their annual covered salary to the system. The Town contributes an actuarially determined rate, presently set at eight percent (8.50%) of the member's covered salary. The Town's contributions to MERS, for the fiscal year ended June 30, 2014, 2013, and 2012, were \$42,301, \$40,526, and \$36,296 respectively, which equal the required contributions for each year.

**16. Contingencies**

The Town is party to legal proceedings involving suits filed against the Town for various reasons. However, Town management does not believe the Town is exposed to any material losses in excess of insurance coverage in these proceedings. Accordingly, no provision for losses is included in the financial statements.

The Town receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement of disallowed costs under the terms of the grant agreements.

The Louisiana Legislative Auditor is currently performing an investigation related to the Town. This investigation was not complete as of the date of the audit report, December 4, 2014. The effect of the investigation, if any, on the financial statements is not known.



**Required Supplemental Information – Part II**

**Town of Many, Louisiana**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2014**

**Schedule 1**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Ad valorem and franchise taxes	\$ 386,000	\$ 386,000	\$ 332,197	\$ (53,803)
Sales taxes	631,624	631,624	632,405	781
Intergovernmental	625,300	280,500	400,669	120,169
Fees, commissions, and fines	250,000	150,000	163,611	13,611
Licenses and permits	142,050	142,050	232,615	90,565
Charges for services	303,600	303,600	322,586	18,986
Investment earnings	1,000	1,000	506	(494)
Miscellaneous	5,500	5,500	29,580	24,080
Total Revenues	2,345,074	1,900,274	2,114,169	213,895
<b>Expenditures</b>				
Current				
General government	439,641	439,641	554,499	(114,858)
Public safety	837,824	999,824	957,207	42,617
Sanitation	294,032	294,032	223,296	70,736
Culture and recreation	13,000	11,500	83,607	(72,107)
Capital outlay	514,170	422,870	376,440	46,430
Debt service				
Principal	140,750	140,750	100,000	40,750
Interest and other charges	-	-	41,023	(41,023)
Total Expenditures	2,239,417	2,308,617	2,336,072	(27,455)
<b>Excess (Deficiency) of Revenues over Expenditures</b>	105,657	(408,343)	(221,903)	186,440
<b>Other Financing Sources (Uses)</b>				
Proceeds from insurance	-	-	33,213	33,213
Proceeds from sale of capital assets	-	-	21,000	21,000
Capital contributions	-	-	6,825	6,825
Total Other Financing Sources and Uses	-	-	61,038	61,038
<b>Net Change in Fund Balances</b>	105,657	(408,343)	(160,865)	247,478
<b>Fund Balances, Beginning of Year</b>	834,391	834,391	834,391	-
<b>Fund Balances, End of Year</b>	<u>\$ 940,048</u>	<u>\$ 426,048</u>	<u>\$ 673,526</u>	<u>\$ 247,478</u>

See Independent Auditor's Report

**Town of Many, Louisiana  
Budgetary Comparison Schedule  
Street Special Revenue Fund  
For the Year Ended June 30, 2014**

**Schedule 2**

**Variance with  
Final Budget -  
Positive  
(Negative)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes				
Sales taxes	\$ 631,624	\$ 631,624	\$ 632,405	\$ 781
Intergovernmental	7,600	7,600	25,100	17,500
Investment earnings	250	250	275	25
Miscellaneous	-	-	417	417
Total Revenues	639,474	639,474	658,197	18,723
<b>Expenditures</b>				
Current				
Public works	292,290	292,290	270,853	21,437
Capital outlay	2,500	25,000	24,132	868
Total Expenditures	294,790	317,290	294,985	22,305
<b>Excess (Deficiency) of Revenue over Expenditures</b>	344,684	322,184	363,212	41,028
<b>Other Financing Sources (Uses)</b>				
Proceeds from insurance	-	-	16,895	16,895
Total Other Financing Sources and Uses	-	-	16,895	16,895
<b>Net Change in Fund Balances</b>	344,684	322,184	380,107	57,923
<b>Fund Balances, Beginning of Year</b>	1,814,750	1,814,750	1,814,750	-
<b>Fund Balances, End of Year</b>	<u>\$ 2,159,434</u>	<u>\$ 2,136,934</u>	<u>\$ 2,194,857</u>	<u>\$ 57,923</u>

See Independent Auditor's Report

## **Other Information**

**Town of Many, Louisiana**  
**Unaudited Summary of Utility Service Customers**  
**June 30, 2014**

**Schedule 3**

<u><b>Type of Customers</b></u>	<u><b>Number of Customers</b></u>
Residential	1,052
Non-Residential	245
	<u>1,297</u>

See Independent Auditor's Report.

**Town of Many, Louisiana  
Unaudited List of Governing Body -  
Positions and Terms  
June 30, 2014**

**Schedule 4**

<b>Name</b>	<b>Position</b>	<b>Address</b>	<b>Telephone Number</b>	<b>Term Expires</b>
Kenneth Freeman	Mayor	1055 Alabama Street, Many, LA 71449	(318)256-5146	6/30/2017
Gay Corley	Alderwoman	515 Trace Stree, Many, LA 71449	(318)256-0268	6/30/2017
Anita Darwin	Alderwoman	339 Day Street, Many, LA 71449	(318)508-0172	6/30/2017
Bobbie Jackson	Alderwoman	206 Trace Street, Many, LA 71449	(318)590-1054	6/30/2017
James Kennedy	Alderman	1315 Kenilworth, Many, LA 71449	(318)256-6579	6/30/2017
Barbara Peterson	Mayor Pro-Tem	5010 Vandegaer, Many, LA 71449	(318)256-2123	6/30/2017

See Independent Auditor's Report.

**Town of Many, Louisiana**  
**Unaudited Schedule of Insurance in Force**  
**June 30, 2014**

**Schedule 5**

<u>Insurer</u>	<u>Expiration Date</u>	<u>Coverage</u>	<u>Limits</u>
Louisiana Municipal Risk Management Agency	March 9, 2016	Commercial General Liability	
		Combined Single Limit	\$ 500,000
			500,000
		Medical Payments	
		Per Person	1,000
		Per Occurrence	10,000
		Fire Legal Liability per Occurrence	50,000
		Deductible	-
Louisiana Municipal Risk Management Agency	March 9, 2016	Law Enforcement Officer	
		Combined Single Limit	500,000
		Deductible	1,000
Louisiana Municipal Risk Management Agency	March 9, 2016	Errors and Omissions	
		Combined Single Limit	500,000
		Deductible	1,000
Louisiana Municipal Risk Management Agency	March 9, 2016	Automobile Liability	
		Combined Single Limit	500,000
		Deductible	-

See Independent Auditor's Report.

**Other Report Required by  
*Government Auditing Standards***



**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's Report  
on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Kenneth Freeman, Mayor  
and Members of the Board of Aldermen  
Town of Many, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Many, Louisiana (the Town), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 4, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies

ROBERT W. DVORAK, C.P.A.

REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAU, C.P.A.

CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNN, C.P.A.

REBECCA G. NATION, C.P.A.

EVELYN RENFROW, C.P.A.

47



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PAYNE, MOORE & HERRINGTON, LLP

To the Honorable Kenneth Freeman, Mayor  
and Members of the Board of Aldermen  
Town of Many, Louisiana

in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Finding 2014-01 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Many, Louisiana's Response to Findings**

The Town's responses to the findings identified in our audit are described in the accompanying Management's Corrective Action Plan. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Payne, Moore &amp; Herrington, LLP".

Certified Public Accountants  
Alexandria, Louisiana

December 4, 2014

**Town of Many, Louisiana  
Schedule of Findings and Responses  
Year Ended June 30, 2014**

**Section I – Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified  
not considered to be  
material weaknesses? ☒ Yes ☐ None Reported

Noncompliance material to financial  
statements noted? ☐ Yes ☒ No

*Management's Corrective Action Plan* See attached

*Management's Summary Schedule of  
Prior Audit Findings* See attached

*Other Comments and Recommendations* None reported

**Section II – Findings Related to the Financial Statements**

**Finding 2014-01 Reconciliations of Subsidiaries to General Ledger Control Accounts**

*Criteria:* The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss and that transactions are executed in accordance with management's authorization and recorded properly to ensure that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

*Condition:* In the Utility System, the subsidiary listings for customer receivables and meter deposits were not reconciled to the related general ledger control accounts. Meter deposits received and meter deposits applied for the year were not correctly recorded in the general ledger. Since the subsidiaries were not reconciled to the related general ledger control accounts, these incorrect postings were not detected and corrected.

*Cause:* Prior year finding 2013-01, Financial Reporting System Closing, Reconciliations and Related Adjustments, listed several recommendations to improve the Town's financial reporting system. Management prioritized the recommendations and began implementing new procedures in steps. We acknowledge that major improvements were made during the fiscal year ending June 30, 2014 and understand that the last step to be completed is implementing monthly reconciliations of the subsidiary listings for customer receivables and meter deposits to the related general ledger control accounts.

**Town of Many, Louisiana  
Schedule of Findings and Responses  
Year Ended June 30, 2014**

*Recommendation:* We recommend that procedures be completed and implemented as soon as possible to reconcile on a monthly basis the subsidiary listings for customer receivables and meter deposits to the related general ledger control accounts.

*Management's Response:* See Management's Corrective Action Plan.

**Section III – Findings and Questioned Costs for Federal Awards**

Not applicable.

### **Management's Corrective Action Plan**

**Town of Many, Louisiana  
Management's Corrective Action Plan  
Year Ended June 30, 2014**

The Town of Many respectfully submits the following corrective action plan for the year ended June 30, 2014.

Independent Public Accounting Firm:	Payne, Moore, & Herrington, LLP P.O. Box 13200 Alexandria, La 71315-3200 (318) 443-1893
Auditee Contact Person:	Honorable Mayor Kenneth Freeman Town of Many, Louisiana P.O. Box 1330 Many, LA 71449 (318) 256-3651

Audit Period: July 01, 2013 through June 30, 2014

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the preceding Schedule.

**Section I – Findings Related to the Financial Statements**

**Finding 2014-01 Reconciliations of Subsidiaries to General Ledger Control Accounts**

*Condition:* In the Utility System, the subsidiary listings for customer receivables and meter deposits were not reconciled to the related general ledger control accounts. Meter deposits received and meter deposits applied for the year were not correctly recorded in the general ledger. Since the subsidiaries were not reconciled to the related general ledger control accounts, these incorrect postings were not detected and corrected.

*Management's Response:* We took the prior year findings and prioritized them and these reconciliations were the last item on the list. We have developed a procedure and plan that is in place and operating which will eliminate this years' finding. The Utility Clerk and the Town Clerk are working on this together and expect completion by the end of January, 2015.

**Management's Summary Schedule of Prior Audit Findings**



**Town of Many, Louisiana  
Management's Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2014**

**Finding 2013-01 Financial Reporting System Closing, Reconciliations & Related Adjustments**

*Condition:* Multiple versions of the Town's working trial balances were provided to us during the course of our fieldwork. Comparisons among the versions revealed that journal entries and postings were not made contemporaneously by the members of management and those assisting the Town with certain internal control functions related to financial reporting. Underlying supporting documentation for some significant year end journal entries was not readily available to us. Reconciliations of some significant financial statement accounts were not readily available to us. Because the trial balances were changed, supporting schedules and subsidiaries previously provided to us were inaccurate or required adjustments. Significant adjustments as a result of our audit related to incomplete postings of some interfund transactions either incompletely or inaccurately recorded, as well as significant adjustments to payroll liabilities and payroll expense accounts.

*Current Status:* Partially Resolved. See Finding 2014-01.

**Finding 2013-02 Timely Reimbursement Requests for Grant Awards**

*Condition:* We noted two instances in which reimbursement requests for grant awards were not timely filed. In one instance, \$31,989 was not requested for reimbursement (and the reimbursement was not received) until over a year after the related charges were incurred. In the other instance, the reimbursement request was not filed with grantor agency. That grant was subsequently closed and the Town will not be able to recover the costs. Management estimated the unrecovered costs under this grant to be less than \$5,000.

*Current Status:* Resolved.

**Finding 2013-03 Compliance with Louisiana Local Government Budget Act**

*Condition:* The Town's budget for the year ending June 30, 2013 and the related budget amendments were not adopted by ordinance as required for Lawrason Act municipalities.

*Current Status:* Resolved.

**Finding 2013-04 Compliance with State Bid Law**

*Condition:* The Town purchased approximately \$38,610 in soda ash during the year ended June 30, 2013. The Town obtained written quotes for the purchase of the chemical but did not follow formal bid procedures in that bids were not advertised in accordance with state law requirements.

*Current Status:* Resolved.